

Competitive 4% Applications

Combining 4% Federal Credits with
State Credits

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Who Should Consider This Choice?

- Any 4% project that
 - Is not in a DDA/QCT

- A possible 9% project that
 - Is not in a DDA/QCT
 - Will not compete effectively for 9% credits

Who Should Consider This Choice?

cont.

- Smaller 4% projects with lower total project costs (~\$13.3 million) and eligible basis before developer fee is added (~9.3 million).
- Developer fee restrictions different from regular 4% projects

Reg. 10327(c)(2)

Developer Fee

➤ Competitive 4%

- Costs → Lesser of 15% of eligible basis or \$2,000,000.
- Basis → Lesser of 15% of eligible basis or \$1,400,000.

➤ 4%

- Costs → Lesser of 15% of eligible basis or \$2,500,000.
- Basis → Lesser of 15% of eligible basis or \$2,500,000.

Reg. 10327(c)(2)

Requirements

- 100% tax credit eligible units
- Not eligible for the 130% basis adjustment
- Current year's tax-exempt bond allocation
- Bond allocation must be received or applied for prior to submittal of application

Important Points to Remember...

- Treat similarly to a 9% application
- Apply at CDLAC prior to or concurrent with your application to CTCAC.

State Credit Calculation

- Total state tax credits are based on 13% of the Eligible Basis instead of the 30% of the Adjusted Qualified Basis used for 9% applications
- State tax credits for Acquisition are only allowed for “At-Risk” projects (CR&T Code Sec. 12206, 17058 and 23610.5).